

Message Text

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INFO OCT-01 EUR-12 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 XMB-02

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

INFO AMCONSUL HALIFAX

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E.O.: 11652 N/A

TAGS: ETRD, CA

SUBJECT: PRESS REPORTS CONCERNING BRICKLIN'S STATUS UNDER

-- AUTOMOTIVE AGREEMENT

1. RECENT ARTICLES IN TORONTO GLOBE AND MAIL (JUNE 23) AND
IN AUTOMOTIVE NEWS (JULY 7) REPORT THAT MALCOLM BRICKLIN
TOLD NEW BRUNSWICK INSTITUTE OF CHARTERED ACCOUNTANTS THAT
HIS BRICKLIN SPORTS CAR WILL NOT BE SOLD IN CANADA UNTIL
GOC GRANTS HIS COMPANY PERMANENT STATUS UNDER AUTO AGREEMENT.

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2. BRICKLIN REPORTEDLY SAID HIS COMPANY HAS "TEMPORARY

STATUS" UNDER THE AGREEMENT, AND THAT UNDER THAT STATUS, AS LONG AS HIS CARS ARE SOLD IN U.S., PARTS IMPORTED FROM U.S. FOR ASSEMBLY IN NEW BRUNSWICK ENTER DUTY-FREE. IF THE CARS ARE SOLD IN CANADA, HOWEVER, BRICKLIN CLAIMS DUTY WOULD HAVE TO BE PAID ON PARTS ENTERING FROM U.S.

3. EMBASSY IS REQUESTED TO APPROACH DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE (IT&C) TO DISCUSS SUBSTANCE OF CITED ARTICLES. WE ASSUME THAT "TEMPORARY" STATUS UNDER AUTO AGREEMENT REFERRED TO BY BRICKLIN IS IN FACT MERELY CERTIFICATION TO RECEIVE TARIFF DRAWBACKS OR DUTY EXEMPTION ON IMPORTED INPUTS TO PRODUCTS THAT ARE ULTIMATELY EXPORTED. WE FURTHER ASSUME THAT THIS TYPE OF CERTIFICATION IS TOTALLY UNRELATED TO AUTO AGREEMENT AND IS BEING USED BY BRICKLIN UNTIL SUCH TIME AS GOC NEGOTIATES WITH

BRICKLIN TERMS OF AN ORDER-IN-COUNCIL TO CERTIFY BRICKLIN AS A BONA FIDE MANUFACTURER UNDER AUTO AGREEMENT (AS AUTHORIZED BY PARAGRAPH 3 OF ANNEX A OF THE AGREEMENT).

4. BRICKLIN'S REFERENCE TO HIS "TEMPORARY" STATUS UNDER THE AGREEMENT IS BOUND TO IRRITATE CRITICS OF THE AGREEMENT IN THE U.S. BECAUSE IT EMPHASIZES THE FACT THAT BRICKLIN'S FINISHED VEHICLES ARE ALREADY ENTERING THE U.S. DUTY-FREE UNDER THE AGREEMENT WHILE U.S. PARTS CAN ENTER CANADA DUTY-FREE ONLY IF THE FINISHED VEHICLE IS ULTIMATELY RE-EXPORTED. IF THE LATTER FACT IS ATTRIBUTED TO THE AGREEMENT, WE CAN EXPECT ADVERSE COMMENT HERE.

5. IF BRICKLIN'S CLAIM OF "TEMPORARY" STATUS UNDER THE AUTO AGREEMENT DOES HAVE SOME BASIS IN FACT, WE WOULD APPRECIATE FULL REPORTING ON DETAILS. OBVIOUSLY THE USG WOULD HAVE PROBLEMS WITH ANY CANADIAN CONDITION FOR CERTIFICATION UNDER THE AGREEMENT THAT IMPOSES EXPORT REQUIREMENTS.

6. WASHINGTON AGENCIES ALSO WOULD BE INTERESTED IN ANY INFORMATION THE EMBASSY MIGHT GLEAN FROM IT&C ABOUT THE PROGRESS OF NEGOTIATIONS WITH BRICKLIN AND PROGNOSIS FOR LIMITED OFFICIAL USE

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TERMS OF AN AGREEMENT TO CERTIFY BRICKLIN AS A BONA FIDE MANUFACTURER FOR PURPOSES OF AUTO AGREEMENT. KISSINGER

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